

RUBIN LLC

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February 1, 2024

Via ECF

Hon. Elizabeth S. Stong
U.S. Bankruptcy Court, EDNY
Conrad B. Duberstein Courthouse
271-C Cadman Plaza East - Suite 1595
Brooklyn, NY 11201-1800

Re: *In re 525 Park Williamsburg LLC*; Case No. 24-40228-ess

Dear Judge Stong:

This firm is counsel to 525 Park LLC (“Seller”) in connection with the above-referenced chapter 11 case of 525 Park Williamsburg, LLC (the “Debtor”). At the Court’s direction, we write to advise the Court regarding (i) the status of the parties’ conferring on a referral of this matter to the Court’s mediation program and a consensual resolution of the parties’ disputes, and (ii) our availability to attend an in-person conference before the Court on February 13, 2024.

On January 25, 2024, after the hearing before Your Honor on Debtor’s proposed order to show cause, I had an extended conference call with Ms. Blumenfeld and the Debtor’s state court appellate counsel in which we discussed the merits of the Debtor’s claims in this case and in the state court appeal, and prospects for settlement. The Debtor presented its settlement demand at the conclusion of the call. On January 29, after conferring with my client, I presented Seller’s counteroffer with a detailed explanation of Seller’s position. The Debtor did not accept Seller’s settlement offer.

Seller does not believe that referral of the parties’ disputes to mediation would be appropriate in this case. There is an enormous gap between the parties’ positions. The state court has ruled twice that the Debtor cannot compel specific performance of the terminated sale contract and the Debtor does not have an interest in the Deposit (defined below). The state court did not violate the automatic stay in proceeding with adjudication of the Debtor’s own motion to reargue. Moreover, as explained below, Seller is not interested in pursuing a transaction with the principal of the Debtor.

I am available for an in-person conference before the Court on February 13, 2024. I have a videoconference appearance before Judge Lord that same day at 3:30 p.m. and respectfully request scheduling any hearing so it would be concluded by 2:30 p.m. so that I can timely appear before Judge Lord.

February 1, 2024

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So that the Court is not misled, we must respond to certain statements made by Debtor's counsel in her January 31, 2024 letter to the Court (the "January 31st Letter") [ECF No. 19] requesting an emergency hearing to reconsider entry of a proposed order to show cause (the "OSC"). Ms. Blumenfeld states in her letter that "it seems that 525 Park LLC does not believe that there is a stay in effect," and she attaches just a portion of an email that I sent on January 29 to an Assistant United States Trustee (the "UST") as an exhibit in support of that statement. The complete email chain, rather than just a snippet of it, is attached hereto as Exhibit A.

Ms. Blumenfeld's statement that the Seller is disregarding the automatic stay that is triggered in every bankruptcy case insinuates that Seller refuses to recognize any automatic stay in this case. But Seller has never disputed that an automatic stay was triggered by the commencement of the Debtor's chapter 11 case. The state court's rulings demonstrate, however, that, by the time the Debtor filed this case, the Debtor had no interest in (i) the down payment (the "Deposit") that the Debtor released to Seller in May 2022 in connection with a terminated agreement to purchase the real property located at 525 Park Avenue, Brooklyn, New York (the "Property") or (ii) the Property itself. Accordingly, the automatic stay does not apply to either the Deposit or the Property.

Of greater concern, the January 31st Letter also states that "[i]t has come to the undersigned [*sic*] attention that 525 Park LLC has signed a contract for the property under dispute," and attaches to the letter undated photos and an uncertified translation of an undated story in an unidentified publication, to show that "a transfer or sale of the property will be imminent despite the bankruptcy filing." *See* January 31st Letter and the exhibits thereto. Ms. Blumenfeld, however, neglects to inform the Court that the photos and article were published on **July 21, 2023**. Attached hereto as Exhibit B is a copy of the original publication in *Der Yid*, a Yiddish language newspaper, and the accompanying photos. The date of that publication, July 21, 2023, is shown on the lower right-hand corner of Exhibit B. That was five months after the Debtor's purchase agreement had been terminated on February 23, 2023. The Debtor did not commence its failed state court litigation against Seller until July 25, 2023, *after* the article had been published. It is seriously misleading for Debtor's counsel to request an emergency hearing in the January 31st Letter on the basis that the Debtor has just learned about these developments. There is no emergency; rather, the Debtor is seeking reargument without presenting any new factual or legal arguments. I have learned from my client that the July 2023 transaction referenced in the article was a sale of a percentage of membership interests in Seller, not a closing on the sale of the Property. The purchasers of membership interests in Seller intend that the Property be used for non-profit educational purposes, and therefore Seller has no desire to resurrect a possible sale of the Property to the Debtor. I have also learned that Seller's principals had a bad experience in an unrelated prior matter working with the Debtor's principal, which caused Seller's principals to lose millions of dollars. Accordingly, we do not believe that mediation of the parties' dispute could be successful.

We appreciate the opportunity to provide these clarifications concerning the January 31st Letter.

Respectfully submitted,

RUBIN LLC

By: /s/ Paul A. Rubin
Paul A. Rubin

RUBIN LLC

EXHIBIT A
(EMAIL CHAIN)

Hanh Huynh

From: Khodorovsky, Nazar (USTP) <Nazar.Khodorovsky@usdoj.gov>
Sent: Monday, January 29, 2024 10:06 AM
To: Rachel Blumenfeld; Paul Rubin
Cc: Hanh Huynh
Subject: Re: [EXTERNAL] Re: 525 Park Williamsbhrng LLC, 24-40228 (ESS) -- Jan. 25, 2024 hearing

Dear Ms. Blumenfeld and Mr. Rubin:

Thank you so very much for reaching out and providing your summaries of what happened on Jan. 25, 2024.

I would be grateful if you would keep me updated.

Thank you so much again for your time and consideration.

Sincerely,

Nazar Khodorovsky
Trial Attorney
Office of the U.S. Trustee
Region 2
Tel.: 202-834-2499 (mobile)
Email: Nazar.Khodorovsky@usdoj.gov

From: Rachel Blumenfeld <rachel@blumenfeldbankruptcy.com>
Sent: Monday, January 29, 2024 9:56 AM
To: Paul Rubin <prubin@rubinlawllc.com>
Cc: Hanh Huynh <hhuynh@rubinlawllc.com>; Khodorovsky, Nazar (USTP) <Nazar.Khodorovsky@usdoj.gov>
Subject: Re: [EXTERNAL] Re: 525 Park Williamsbhrng LLC, 24-40228 (ESS) -- Jan. 25, 2024 hearing

As Mr Rubin stated we do have a very different understanding of what happened at the hearing.

On Mon, Jan 29, 2024 at 4:54 PM Paul Rubin <prubin@rubinlawllc.com> wrote:
Hello Nazar.

My understanding of the results of the hearing on the Order to Show Cause this past Thursday is somewhat different than Rachel's. The judge did not adjourn the Debtor's motion. Rather, the judge said she did not have a sufficient basis before her to grant any interim relief. Rather than sign the order to show cause, the judge marked the motion off the calendar.

It's not clear whether the judge was going to order mediation between the parties. But I told the Court I did not believe the matter was conducive to mediation, as it presents a clear question of law (whether there was a stay violation), and we believe that Ms. Blumenthal and I are perfectly capable of discussing a consensual resolution ourselves without the need for a mediator.

After the hearing, I had an extended call with Ms. Blumenfeld and the Debtor's state court appellate counsel (for whom no retention application has been filed to date) regarding the merits of each side's position. Ms.

Blumenfeld conveyed her client's settlement demand, which I reported to my client on Friday. I expect to have a call with my client to discuss a response within the next day or so.

Sincerely,

Paul A. Rubin
Rubin LLC

Note our new address:

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From: Khodorovsky, Nazar (USTP) <Nazar.Khodorovsky@usdoj.gov>

Sent: Monday, January 29, 2024 6:43 AM

To: Rachel Blumenfeld <rachel@blumenfeldbankruptcy.com>

Cc: Paul Rubin <prubin@rubinlawllc.com>

Subject: Re: [EXTERNAL] Re: 525 Park Williamsbhrh LLC, 24-40228 (ESS) -- Jan. 25, 2024 hearing

Dear Ms. Blumenfeld:

Thank you so much for this update.

I appreciate it.

Sincerely,

Nazar Khodorovsky
Trial Attorney
Office of the U.S. Trustee
Region 2
Tel.: 202-834-2499 (mobile)
Email: Nazar.Khodorovsky@usdoj.gov

From: Rachel Blumenfeld <rachel@blumenfeldbankruptcy.com>

Sent: Monday, January 29, 2024 1:11 AM

To: Khodorovsky, Nazar (USTP) <Nazar.Khodorovsky@usdoj.gov>

Cc: Paul Rubin <prubin@rubinlawllc.com>

Subject: [EXTERNAL] Re: 525 Park Williamsbhrh LLC, 24-40228 (ESS) -- Jan. 25, 2024 hearing

Good morning Nazar. I requested mediation, and Judge Stong was going to send us to mediation, but Mr. Rubin suggested that we try and settle matters on our own. The Judge directed that we engage in settlement discussions to attempt to settle the matter. We had a lengthy conversation after the hearing, and we made an offer, but have not heard back from Mr. Rubin yet on the offer. It is my understanding that the Judge adjourned the matter until the status conference on this. Please let me know if you have any other questions or concerns.

Law Office of Rachel S. Blumenfeld PLLC

[26 Court Street, Suite 2220](#)

[Brooklyn, New York 11242](#)

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On Sun, Jan 28, 2024 at 5:53 PM Khodorovsky, Nazar (USTP) <Nazar.Khodorovsky@usdoj.gov> wrote:

Dear Ms. Blumenfeld and Mr. Rubin:

I am writing to find out what happened at the hearing on Ms. Blumenfeld's motion in the above chapter 11 case, which hearing was held on 1/25/24.

Did the Court issue a ruling?

Did the Court adjourn the matters?

If so, I would be grateful if you would let me know any adjournment date(s).

I look forward to hearing from you.

Thank you for your time and consideration.

Sincerely,

Nazar Khodorovsky

Trial Attorney

Office of the U.S. Trustee

Region 2

Tel.: 202-834-2499 (mobile)

Email: Nazar.Khodorovsky@usdoj.gov

-- C926 J-54-40558-622 Doc 50 Filed 05/01/24 Entered 05/01/24 12:41:21

Rachel S. Blumenfeld

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EXHIBIT B

(ARTICLE)

על בשורות טובות אומר המזכיר והמזכיר:

דראמאטישע הרחבת גבולי קדושה אנטוויקלונג אינערהאלב מוסדות סאטמאר מיט'ן שליסן קאנטראקט אויף רייזיגן באדן פון 12 טויזנט סקווער פוס אין הארץ פון וויליאמסבורג

בי מקנה רב לךם ישובו בעריכם: פרישע רינגעלע
אינעם נעץ פון צוויי צענדליגער סאטמארער בנינים
אדירים אין וויליאמסבורג וואס מוז אקאמאדירן
די 12 טויזנט תלמידים ותלמידות בליעה"ר

יסק עליכם ככם אלק פעמים: געפלאנט אויפצובויען
ריון תלמוד תורה געביידע פון זיבעציג טויזנט
סקווער פוס צו דערשטריימן דעם וואוקס פון
הונדערטער פרישע יונגלעך מדי שנה בשנה כ"י



ויקס השדה - תקומה דותה לו: דער גאנצער 12,000 סקווער פוס שטח אויף פארק ניו. (צווישן ספענסער און וואלדארט סטריט)



C926 T-54-40338-622 Doc 50 E169 0510157 E169 0510157 T2:41:21



הננינו לזמן הזה: מוקד געשלאסן היינטיגן דינסטאג אינעם קאנפערענץ צימער פון די מוסדות אויף 82 ליע עו.

בעת מיר גייען צום דרוק יום ג' שנכפל בו כי טוב לסדר
ה' אלוקים הרבה אתכם והנכם היום כסוכי השמים לרוב,
קומט אריון די גאר פריידיגע דראמאטישע "הרחבת גבולי
הקדושה אנטוויקלונג" אינערהאלב ממלכת מוסדות
סאטמאר אין וויליאמסבורג, אז די הנהלת הישיבה האט
בשעט"מ געשלאסן מוקד אויף א ריזיגן באדן פון ארום
צוועלף טויזנט סקווער פוס אויף 533 פארק עוועניו אין
הארץ פונעם עיר ואס בישראל וויליאמסבורג, להרחיב
גבולי הקדושה פונעם גרעסטן פארצווייגטן היימישן חינוך
נעץ איבער דער גארער וועלט, מיט אירע רבבות תלמידים
ותלמידות בליעה"ר כן ירבו.

דער היסטארישער מוקד איז צושטאנד געקומען אין
צענטראלן אפיס פון די הנהלת המוסדות אויף 82 ליע
עוועניו, אין קענטווארט פון עטליכע חברי הנהלה און דער
חשובער מוכר, דער אלעמען באקאנטער תומך ומחזיק תורה
הרבני הנגיד הרב ר' משה יחזקאי ווייס שליט"א מגדולי
נדיבים בממלכת סאטמאר ופטרון חבורת זכור ש"ס, ובנו
החולך בדרכי אביו האברך הנגיד מוה"ר יושע ווייס הי"ד.

לויטן פלאן וועט אויף דעם וויזיגן שטח בעהשית ווערן
ארויפגעצויגן א גיגאנטישער תלמוד תורה פעסטונג פון קרוב
צו זיבעציג טויזנט סקווער פוס, צו קענען אקאמאדירן דעם
ערווארטעטן פארענענעם וואוקס בליעה"ר אין די תלמוד
תורה, וואו עס קומען צו יאר יערליך פרישע הונדערטער
יונגלעך בליעה"ר.

דער פרישער שטח וועט אנגעשלאסן ווערן אלס נאך א
רינגעלע אינעם נעץ פון צוויי צענדליגער בנינים איריים און
פעסטונגען לטובת חינוך הבנים והבנות בדרך ישראל סבא
של רבבות תלמידים ותלמידות שע"י מוסדותינו הקדושים,
ישיבת תורה ויראה דרבינו יואל סאטמאר, מיסודו של מן
אבינו רועינו רבינו הקדוש ז"ע, וואס ווערט געפירט בגאון
ובכוח תחת גלגל והדרכתו של כ"ק מרן ארמו"ר שליט"א. מער
דעטאלן וועלן נאכפאלגן בעהשית.

בי עתה הרהיב ה' לנו ופרינו בארץ